

The MORTGAGE BANKER

VOL. 8—No. 12



SEPTEMBER, 1948

ADVANCE REGISTRATION IS HEAVIEST EXPERIENCED

Plans are practically complete for what we believe will be our largest convention—our 35th—in New York at Hotel Commodore, September 22 to 24. Advance registrations total more than 900 indicating a heavy attendance.

That this is an eagerly-awaited convention is indicated by the numerous advance inquiries the national office has received as to the type of program to be presented. There seems to have been few times in the past when a national meeting held more prospects of fulfilling its objective than does our convention this year. For one thing, a national election is approaching which means that the federal administration might change from one party to the other; and if there should be a change, it foreshadows possible changes affecting the mortgage business.

In addition, there are the great national questions of housing and what the country will do about it, the problem of inflation, tightening credit, spiraling prices, and the other pressing matters of the moment, practically all of which have a vital bearing on the kind and amount of mortgage business you will be doing in the years ahead.

So, in view of national and international events of the moment and all they mean to the mortgage business, the 35th is certainly a convention you cannot afford to miss. If you are one of the minority of MBA members who hasn't made his registration or arranged for hotel accommodations, we advise doing so at once. You're not too late but don't put it off.

35th MBA Convention Program Is Streamlined to Fit the Lending Problems of Today

By SECRETARY GEORGE H. PATTERSON

The program this year has been adapted to the times and conditions. Mostly it is a working program, devoted almost entirely to the practical every day problems affecting our business. Your convention committee headed by Wallace W. True, chairman,



John C. Thompson



George H. Patterson

has tried to keep it as short as possible so you would have ample time for the contacts which most members wish to renew when they are in the East.

Briefly, the program lines up something like this:

Wednesday Morning

Registration.
Inspection of Exhibit.
Get settled in your hotel.
Renew acquaintances.

**SPECIAL
MBA CONVENTION
ISSUE**

Wednesday Afternoon

Welcome addresses by Lawrence A. Epter and Milton T. MacDonald, presidents of the New York and New Jersey Mortgage Bankers Associations, respectively.

President's Report by President John C. Thompson.

"The Legislative Outlook" by Washington Counsel Samuel E. Neel.

Annual meeting and election of officers.

Present Distinguished Merit award.
Address: To be announced.

Thursday Morning

Panel discussion: "Closer Cooperation between Correspondent and Investor."

Moderator: L. Douglas Meredith, executive vice president, National Life Insurance Company, Montpelier, Vt.

Summarizer: Paul P. Swett, Jr., treasurer, Baltimore Life Insurance Company, Baltimore.

Panel subjects and speakers include:

"How May Institutional Investors and Correspondents Cooperate to Reduce Operating and Servicing Costs?"—Harvey E. Handford, manager, city loans, Bankers Life Company, Des Moines.

"How to Further Improve the Company-Correspondent Relationship."—Wallace Moir, president, Belmont Company, Beverly Hills, Calif.

"The Marketing of Mortgages"—Ed-

LEARN MORE ABOUT COSTS AT NEW YORK



Curt Mack



Edgar Greenebaum

gar N. Greenebaum, president, Greenebaum Investment Company, Chicago.

"Good Loan Submissions and Committee Procedure"—Donald W. Campbell, treasurer, State Mutual Life Assurance Company, Worcester, Mass.

Thursday Noon

Luncheon for Farm Mortgage Section.

Presiding: Frederick P. Champ, chairman, farm mortgage committee, and president, Utah Mortgage Loan Corporation, Logan, Utah.

Speaker: R. I. Nowell, second vice president, Equitable Life Assurance Society of the United States.

Thursday Afternoon

Forum discussion: "Current Trends in the Money Markets and the Outlook for Interest Rates."

Conductor: Claude L. Benner, Vice President, Continental American Life Insurance Company, Wilmington, Del.

Among the speakers are:

Dr. Marcus Nadler, New York University.

Thursday Evening

Cabaret Party: Dinner, floor show and dancing. (*Details elsewhere in this issue.*)

Friday Morning

Address: Sen. Joseph McCarthy of Wisconsin.

Panel discussion: "FHA and G. I."

Conductor: William G. Nelson, Vice President, Merchants National Bank in Chicago.

Panel members:

Franklin D. Richards, FHA commissioner.

Curt Mack, assistant FHA commissioner in charge of underwriting.

Asa B. Groves, VA chief appraiser.

John M. Dervan, attorney, VA loan guaranty office.

At the conclusion of the session, the conductor will announce the results of the FHA and G. I. quiz (*details elsewhere in this issue*) which will be followed by a discussion and explanation of the questions asked and the proper answers.

Friday Afternoon

Panel discussion: "Operating a Mortgage Business Today."

Moderator: Aksel Nielsen, president, The Title Guaranty Company, Denver, Vice President of MBA.

Summarizer: C. Armel Nutter, President, Nutter Mortgage Service, Camden, N. J.

Subjects to be discussed and speaker for each:



L. D. Meredith



C. Armel Nutter

"Cutting Servicing Costs"—Brown L. Whatley, president, Stockton, Whatley, Davin and Company, Jacksonville, Fla.

"Do You Know Your Costs?"—W. A. Clarke, president, W. A. Clarke Mortgage Company, Philadelphia.

"Interim Bank and Insurance Company Financing"—George H. Doven-



Samuel E. Neel



Wallace Moir



Brown L. Whatley



H. E. Handford

muehle, executive vice president, Dovenmuehle, Inc., Chicago.

"Factors to Consider in Lending of Special-Purpose Income-Bearing Properties"—Henry Fisher, chief field appraiser, Equitable Life Assurance Society of the United States.

Friday Evening

Annual Banquet.

Speaker: G. Rowland Collins, dean of the graduate school of business administration of New York University.

Toastmaster: Guy T. D. Hollyday, immediate Past President of MBA.

That's the way the program looks right now although some additional speakers will be added within the next week or ten days. We think it will prove an exceptionally interesting and informative program.

Among the other speakers will be several nationally-known figures whose acceptances had not been definitely cleared at the time this issue went to press. One internationally known personage whom we had hoped to be able to announce will have no specific place on the program; but he may be our guest and members will be pleasantly surprised when, as and if we are honored with his presence.

With the new housing legislation passed by congress, the present high level of business, the continued demand for housing and the distinctly "new things" in the national picture affecting mortgage lending, we say again that this is one year you cannot afford to stay home. In our humble opinion, any business that might keep you at home can't be any more important than an investment of your time and money to attend the only national meeting of mortgage men.

BIG MBA DELEGATION WILL SEE ARMY GAME SATURDAY

Approximately 275 MBA members and wives will take the post-convention trip Saturday, September 25, up to West Point to see the cadets parade and then witness the first Army football game of the season. Villanova College is the opposing team.

If you made reservations and sent checks before August 15 to the national office, your tickets will be waiting for you at the registration desk. If, for any reason, you are not able to use them, we will try to dispose of them for you but *cannot make refunds* since West Point has been paid for the tickets.

Those making reservations and the number in their parties are:

James Rhodes, Little Rock, 2; Roy G. Johnson, Newkirk, Okla., 2; B. B. Bass, Oklahoma City, 2; Joe C. Ansley, San Antonio, 2; C. W. Dill, Detroit, 12; R. E. Platt, Charleston, W. Va., 1; H. S. Cody, Winston-Salem, N. C., 2; Ervin J. Brandt, Fort Worth, 4; Wm. M. Sickler, Camden, N. J., 4; R. O. Deming, Jr., Oswego, Kans., 3; Richard F. Dwyer, Los Angeles, 2; N. N. Wolfsohn, Philadelphia, 2.

Dee Helbig, Ecorse, Mich., 2; George Elkins, Beverly Hills, Cal., 4; Leo Mendel, Birmingham, 2; Walter Gehrke, Detroit, 4; H. J. Stark, Ceredo, W. Va., 2; Fred Cronier, Miami, 2; F. L. Flynn, Harlingen, Texas, 2; J. G. Driscoll, St. Louis, 2; G. C. Elliott and W. A. Joyce, Winnipeg, Canada, 2; Grover Godwin, Clayton, Mo., 2; H. E. Sperry, Springfield, Mo., 2; L. Hall Jones, R. G. Heard, and C. A. Robinson, Memphis, 6; Alfred Kennedy, Omaha, 2.

Jack D. Merriman, Kansas City, Mo., 4; M. J. Mittenthal, Dallas, 2; W. H. Hoofnagle, Jr., Richmond, Va., 4; J. N. Dykema, Muskegon, Mich., 2; Oscar H. Eberhart, Evansville, Ind., 2; Orville W. Hunter, Tacoma, Wash., 2; James H. Pence, Louisville, 2; Victor A. Malone, Chicago, 2; Edw. T. McLachlan, River Rouge, Mich., 4; W. B. Hargle-road, Jr., Omaha, 2; Frank Strubbe, Miami, 1; E. Tichenor, White Plains, N. Y., 3; Aksel Nielsen, Denver, 2; Dave Treadway, Dallas, 5.

R. T. Tucker, Orlando, Fla., 2; Wm. E. Terry, Little Rock, 1; Robert F. Evans, Chattanooga, 1; R. S. Brewer, Wichita, Kansas, 2; H. F. Whittle, Los Angeles, 1; M. C. Eidsmoe, Sioux City, Iowa, 4; W. E. Miller, Cleveland, Ohio, 16; C. W. Mead, Omaha, Neb., 2; Homer C. Bastian, Wichita, Kansas, 2; Mrs. Minnie W. Miller, Salt Lake City, 3.

Chas. H. Robinson, Tarrytown, N. Y., 6; H. H. Ware, Jr., Atlanta, Ga., 2; D. A. Luff, Cleveland, 6; G. J. Hirsch, Minneapolis, 3; T. H. Schonlau, New Ulm, Minn., 2; E. B. Schenkel, New York City, 4; James R. Johnson, Detroit, 2; Byron T. Shutz, Kansas City, Mo., 6; J. Mark Tarpley, Little Rock, 4; W. E. Hey, Davenport, Iowa, 5; G. F. Foley, Denver, 1.

J. E. Anderson, Seattle, 2; E. H. Banks, Jacksonville, Florida, 2; A. E. Seymour, Cleveland, 4; Wm. J. Byrne, St. Louis, 2; M. F. Townsend, Philadelphia, 8; M. K. Barry, Nashville, 4; E. W. Lutz, Longview, Washington, 3; Raymond Holland, Houston, 2; H. C. Bailey Jackson, Miss., 2; Oakes T. Turner, Dallas, 2; T. W. Thompson, Detroit, 2; Wm. A. Benson, Minneapolis, 2; Paul Fischer, Miami, 4; Bernard A. Epter, New York City, 5.

Clifford C. Boyd, New York City, 4; J. R. Jones, Los Angeles, 1; Charles E. Baldwin, Jr., Worcester, Mass., 2; F. M. Petree, Oklahoma City, 2; A. C. Bryan, Chattanooga, 2; H. L. Utley, Fayetteville, Ark., 1; Byron V. Kanaley, Chicago, 2.

Remember that you make your own transportation arrangements. You can go by bus, train or boat. Instructions will come with your tickets.

Nielsen and Deming Head Slate of Nominees



Aksel Nielsen



R. O. Deming, Jr.

One of the first things on the Convention agenda will be the annual business meeting and election of officers. As previously announced, the nominee for president for the 1948-49 term is Aksel Nielsen, president, The Title Guaranty Company, Denver, to succeed John C. Thompson of Newark. Nominee for vice president is R. O. Deming, Jr., president, The Deming Investment Company, Oswego, Kan. The nominating committee report will be presented by John H. Scott, Pittsburgh, chairman.

The seven nominees for four-year terms on the board of governors are:

Milton T. MacDonald, vice president, The Trust Company of New Jersey, Jersey City; C. Arnel Nutter, president, Nutter Mortgage Service, Camden, N. J.; C. W. Kistler, president, C. W. Kistler Company, Miami;

Edward F. Lambrecht, president, Lambrecht Realty Company, Detroit;

Jack D. Merriman, Merriman Mortgage Company, Kansas City, Mo.;

Homer C. Bastian, president, The Fidelity Investment Company, Wichita; and Allyn R. Cline, president, Cline Mortgage and Trust Company, Houston.

Nominees for regional vice presidents for one-year terms include:

Amos G. Hewitt, Amos G. Hewitt Mortgage Company, New Haven;

Brown L. Whatley, president, Stockton, Whatley, Davin & Company, Jacksonville, Fla.;

C. P. Kennedy, Kennedy & Stevenson, Cincinnati;

Earl Linn, vice president, The Weitz Investment and Realty Company, Des Moines;

H. B. Moffitt, vice president, Realty Mortgage and Sales Company, Oklahoma City; and

W. Robert McMurray, vice president, Commonwealth, Inc., Portland, Ore.

Nominees for regional vice president for two-year terms include:

James W. Rouse, president, The Moss-Rouse Company, Baltimore;

Walter Gehrke, president, Detroit Mortgage and Realty Company, Detroit;

O. G. Gresham, Gresham & Company, Birmingham;

Andrew Sproule Love, vice president, Edward K. Love Realty Company, St. Louis;

A. H. Cadwallader, Jr., president, Mortgage Investment Corporation, San Antonio; and

Harold F. Whittle, president, H. F. Whittle Investment Company, Los Angeles.

WE'LL TRY TO HAVE SOME RADIO BROADCAST TICKETS

A feature of previous MBA conventions and clinics in New York has been making available to members free tickets to radio broadcasts. During the past few years we have secured several thousand and the demand has been such that we know members appreciated the effort.

Whether we will have any this year is a question because most big network shows beamed from New York do not resume until around October 1. In many cases the summer replacements of these shows come from outside New York. If we can secure sufficient tickets of enough worthwhile shows we will send a special letter to members shortly after Labor Day. But don't count on it this year unless we advise.

FIND OUT AT NEW YORK WHAT INTEREST RATES WILL DO

SHARPEN YOUR G.I. AND FHA WITS FOR OUR BIG CONTEST

A novel feature of the Convention will be a contest to see how well informed you are on FHA and G. I. lending procedure. In your registration envelope you will receive copies of a questionnaire on FHA and G. I. It will contain a series of questions which can be answered "yes" or "no." Fill them out as quickly as possible, retaining one copy showing your answers. Deposit the other copy in the boxes near the registration desk by Thursday morning at 10. Any deposited after that will not be eligible for the competition.

Bring your duplicate copy to the Friday morning session when FHA and G. I. will be the topics of discussion. At the close, the conductor will announce the names of those who have answered the questions most accurately. Judges will be FHA and G. I. officials. Appropriate prizes will be awarded.

After the announcement, the questions will be discussed and interpreted by the G. I. and FHA panel members.

Besides being an interesting innovation containing the element of chance

There's Always Plenty to Do and See in the Big Town; Here is a Suggestion or Two

New York is one convention city where there seems little need to suggest things to do and see and where to go. Radio City, Park Avenue, Broadway, the Bowery, Riverside Drive, the world-famed theaters, restaurants and night clubs, radio broadcasts, Wall Street, Empire State Building, Fifth and Madison Avenue shops and many more renowned places are familiar to everyone. How much you can do and see is largely a matter of how long you'll be in New York and how much time you can spare from our convention activities.

Many attending the meeting haven't seen such points of interest as the Statue of Liberty and might like to take them in now. Just which big ocean liners will be docked in New

York while we are there is uncertain but there will be some and you will probably enjoy going down to North River to look them over.

Another suggestion is to take the sightseeing cruise around Manhattan Island. Boats leave from the foot of West 42nd Street every day at 10:30 a.m. and 2:30 p.m. for this forty-mile, three-hour cruise — and it is worth while. Sandwiches, coffee and soft drinks can be had on board. Cost is \$2 per person. If you will be in New York several days before the convention or on Saturday (and don't plan to go to West Point), then you might schedule it then.

There aren't any regularly scheduled tours to the United Nations out in Flushing, Long Island, but if we got enough requests, we could arrange chartered buses. Such a tour would begin at about 11.00 a.m. and get you back to the hotel around five. Transportation would be about \$2.50 per person.

appealing to most of us, the contest should also prove an impressive way of getting at the heart of many FHA and G. I. problems with which all lenders should be familiar.

THEY WILL PARTICIPATE IN CONVENTION PROGRAM



Guy T. D. Hollyday



W. A. Clarke



Frederick P. Champ

HEAR CORRESPONDENT PROBLEMS ANALYSED IN NEW YORK



Claude L. Benner



Wallace W. True

Eighteen Leading Companies to Participate in Largest MBA Exhibit Ever Sponsored

Eighteen leading companies of the country will participate in what is sure to be the most comprehensive exhibit ever sponsored in conjunction with an MBA Convention. It will be held in the West Ballroom through which members will pass to the Convention hall; squarely in the center will be our registration desk. Thus, the Exhibit Hall is the center of all activity outside the convention hall itself. Com-

panies participating are:

Pittsburgh Plate Glass, Briggs Beautyware, Crane Company, General Electric Company, New Castle Products (Mordenfold Door), Kitchen Maid, Stran Steel Division of Great Lakes Steel Corp., Monroe Calculating Machine Company, Portland Cement Association, Kelvinator, Friden Calculating Machine Company, Westinghouse Electric Company, Ruud Manufacturing Company, Paramount Fire Insurance Company, Rheem Manufacturing Company, National Cash Register Company, Hill Termite Controls Systems, and American Radiator and Standard Sanitary Manufacturing Company.

Be sure to inspect the exhibit completely. You will see a great deal that is new and important to you.

If You Want to See How Large-Scale Housing Is Handled in Big Way, New York's the Place

Many members will wish to take some time out during the convention to look over the various large housing projects in New York. Two are in process of construction now, both being built by groups of savings banks out of their capital funds with no outside financial assistance. One is Parkway Village on the Union Turnpike in Queens, reached by subway to Kew Gardens and then by bus to the property. It contains 687 units. The other is Arlington Village on Atlantic avenue in Brooklyn and contains 210 units. It

is also reached by subway. Both are substantially completed and apartments are being rented.

Some may wish to see the earlier projects, Parkchester, Peter Cooper, Stuyvesant Town and the negro projects in Harlem, all Metropolitan Life projects. Clinton Hill, an Equitable Life project, is in Brooklyn and fully completed and occupied.

In addition, there are the 50 public housing projects in New York with a total of 60,000 apartments. These can all be reached by subway and bus.

CABARET PARTY FEATURE FOR THURSDAY EVENING

Members have been advised by letter of our opening entertainment feature Thursday night, the cabaret party patterned after the one in Cleveland last year and which was such a hit. We will have more space this year but our facilities will still be limited; so, if you haven't sent in your reservations we urge you to do so immediately. Tickets are \$10 each which includes full course dinner, the floor show and dancing.

Lloyd Mark's ten-piece orchestra will play for dinner, dancing and the show. The show is being put together by Broadcast Music, Inc., the talent and music organization of the radio networks and it will be a good one. Novelty, dance and comedy acts with a featured vocalist will be among the presentations. If you liked the party we had last year in Cleveland—and it seemed that everyone did—then you will like this just as well or better. It is top flight entertainment. Nothing else you could do in New York that evening can surpass it for entertainment value; and there is the added advantage of being with our own group. Make your reservations now if you haven't done so. Remember that we can't reserve specific tables; it has to be a case of first ones there getting their choice of tables.

Convention Notebook

Don't forget to pick up a copy of *The Host*, the little magazine published in New York about things to do and see and featuring current attractions during Convention week. Copies will be available at the Registration Desk.

More life insurance companies are planning luncheons, breakfasts and receptions for their correspondents this year than ever before. The list isn't yet available but from present indications it would appear that those who represent several principals are likely to be pretty busy getting from one place to another.

While we are arranging no special guided tours of these projects, we will be glad to assist members in arranging individual trips to any of them.

OTHER MORTGAGE ASSOCIATIONS

F. H. GARROTT NAMED HEAD OF DALLAS ASSOCIATION

F. H. Garrott was elected president of the Dallas Mortgage Bankers Association at the organization's semi-annual election. Weck Brown was named vice president and J. Herman Little was named secretary and treasurer. Thirteen Dallas mortgage men, all members of the board of the Texas Mortgage Bankers Association, attended the group's recent meeting at Heart-O-the-Hills Ranch in Hunt, Texas. Included were President D. L. Treadway and Secretary-Treasurer DuVal West, Aubrey M. Costa, W. A. McKinley, Oakes Turner, J. W. Jones, C. L. McDonald, T. L. Bradford, Carroll L. Jones, J. J. Teeling, T. A. Blakeley, E. H. Davis and D. C. Fitch.

UTAH MBA MEMBERS TOLD WE MUST HAVE CHEAPER HOUSES

"There is a strong and growing realization in the building industry that decent housing at lower prices must be made available," Franklin D. Richards, FHA commissioner, told members of the Utah Mortgage Bankers Association. Richards said the biggest demand for housing is for homes priced near \$5000.

"The most recent data published by the Bureau of the Census indicates that the medium income of the American family is under \$3000. The great proportion of American families need and can only afford to pay for relatively low priced homes," he said.

However, he pointed out that nationally the average FHA mortgage is now around \$6900. This, he said, would probably indicate a sales price of close to \$8000 which indicates the sharp difference between the sales price of houses and what the American family can afford to pay.

Members of the Memphis Mortgage Bankers Association recently gave a dinner for Herbert C. Redman, newly-named zone commissioner for district No. 2 which includes Memphis.

TELLS NEBRASKA MBA THAT LAND PRICE RISE ENDING

"Land prices have more than doubled since the spring of 1941," H. C. Filley, chairman of the University of Nebraska rural economics department, told members of the Mortgage Bankers Association of Nebraska at their one-day short course in state land valuation and management.

A curb on further land price increases was foreseen by Filley as the result of various forces, including rapidly rising farm operating costs, fear of an approaching depression and decreasing foreign demands for American farm products.

Dean W. W. Burr, dean of the college of agriculture, was program chairman. Lynn Cox, association president, presided.

CLEVELAND MBA FOR THE "BALTIMORE PLAN"

The Mortgage Bankers Association of Cleveland is advocating the "Baltimore Plan" of slum clearance which has attracted a wide interest over the country and which many MBA members heard discussed last year by Past President Guy T. O. Hollyday in his various talks.

The plan emphasizes comprehensive municipal ordinances covering housing and sanitation, with provisions for their strict enforcement.

In Baltimore, a special housing court was created, presided over by a magistrate with power to enforce penalties specified by new health and sanitation regulations. Entire new sections were added to the Baltimore city code. These

WARNING! A southern Illinois member advises that recently a man solicited his firm for magazine subscriptions presenting what appeared to be authentic credentials indicating that he had MBA sponsorship. Such is not the case and the Association has not authorized him nor anyone to conduct any kind of solicitation. Other members may be so victimized and should be on guard against representations of this sort.

JACK G. HESTWOOD ELECTED PRESIDENT OF HOUSTON MBA

Jack G. Hestwood has been named president of the Houston Mortgage Bankers Association. Other officers elected were Henry P. Everts, John E. Whitmore, and Everett A. Marley, vice-presidents, and Thomas H. Bearden, secretary-treasurer.

A new board of directors was also elected. It includes: A. R. Cline, H. A. Crabb, Robert Drye, Henry P. Everts, Russell G. Goldy, H. L. Hodell, Raymond C. Holland, J. T. Keith, Everett Mattson, C. N. Peck, Ira F. Reed, T. A. Robinson, Jr., W. Cecil Sisson, R. D. (Buck) Walton, Forest E. Wood, and Phil Kleas.

required, among other things, that dwellings be kept clean and free from vermin. They authorized the Baltimore Commissioner of Health to issue orders for compliance.

Administration of the plan was placed in the hands of a five-man committee, representing the health, fire, police, public works and redevelopment departments of the city. Block-by-block inspections were made and violations noted. Owners or tenants were first warned, then, if non-compliant, were summoned into court.

The plan, in effect since 1941, has resulted in improvements to more than 8,000 dwellings, of which 1,300 were made in 1947 alone. In all, 4,070 notices have been sent to owners and 4,180 to tenants.

Notebook

Detroit Mortgage Bankers Association members will attend the MBA convention in a special railroad car. Reservations are now being accepted. Every local mortgage association in the country will be well represented at the meeting.

In your registration envelope will be a card warning that the sessions this year will start on time. Your convention committee says it means business this year.

The MORTGAGE BANKER

Published Monthly by the
**MORTGAGE BANKERS
ASSOCIATION OF AMERICA**

111 West Washington Street, Chicago 2
1001—15th St., N.W., Washington 5, D.C.

JOHN C. THOMPSON
President

AKSEL NIELSEN
Vice President

MILLER B. PENNELL
General Counsel

SAMUEL E. NEEL
Washington Counsel

GEORGE H. PATTERSON
Secretary-Treasurer

G. H. KNOTT
Editor

THE MORTGAGE BANKER is distributed free monthly to members of the Mortgage Bankers Association of America. Publications may reproduce material appearing in the magazine only by permission of the Association. Opinions expressed are those of the authors or the persons quoted and are not necessarily those of the Association. Subscriptions and advertising not accepted.

SEPTEMBER, 1948

Takes Dim View of Ball-Point Pens

Some months ago THE MORTGAGE BANKER published the opinions of a number of authorities on the question of using ball-point pens in mortgage work. What they had to say wasn't very favorable for the pen.

An opinion that a ball-point pen is "made to order" for forgers and should not be used for signing important documents has now been given by two members of the American Society of Questioned Document Examiners.

These conclusions by Elbridge W. Stein and Ordway Hilton are contained in a statement in the American Bar Association Journal. They discuss only the use of ball-point pens for signatures on documents that may have legal effects, and are not concerned with their use in cases where the authenticity of the signature or the identity of the writer is inconsequential.

"The main objects in writing a signature in an individual way are to make distinctive and difficult to forge successfully," the report states. "Both these objects tend to be defeated by the use of a ball-point pen. The only individuality that can be put into a signature with this kind of a pen is the mere forms of the letters, and these are the easiest parts of a signature for a forger to imitate.

"The forger's hesitant uncertainty in the making of a pen line has always been one of his most formidable stumbling blocks, because forgery is usually

a slow and laborious process. With an ordinary pen of a sharp and flexible character, each hesitation in the motion of the pen is shown unmistakably in the defective quality of the written line. A signature with a ball-point pen is 'made to order' for the forger."

However, the critics of the ball-point pen say that it has undeniable advantages for several kinds of informal writing, especially in making carbon copies; that it contains ink after a great deal of writing, and that some manufacturers are selling it as a useful supplement to standard pen equipment.

On the question of permanency of ball-point inks, Messrs. Stein and Hilton say "there are no means of knowing in advance what inks are non-fading and which will fade badly."

The question of the ink fading or disappearing was foremost in the discussion when we commented on the subject previously.

Still Lukewarm on Yield Insurance

Years ago when the idea of yield insurance was first proposed, THE MORTGAGE BANKER used a great deal of its white space to tell what various people, principally federal housing officials, thought about it. It seemed clear at the time that the investing institutions were a little less than lukewarm to the idea.

Yield insurance was a part of the housing bill passed at the special session but there seems to be no more enthusiasm for it than when MBA, in one of its surveys, learned that the investing institutions did not think it had much appeal.

L. Douglas Meredith, executive vice president of the National Life Insurance Company, a member of the MBA board and one of our convention speakers this year, expressed the general opinion rather well, we thought, when he told the *Wall Street Journal* that "To my knowledge no company or group of companies has asked for this type of special protection and, in my opinion, few, if indeed any, of them would use it."

He said "If a project is sound it is likely to be undertaken on its own merits and yield insurance would not

be needed; if it is not sound, it is hard to believe that yield insurance would make it so."

The *Wall Street Journal* analysis of yield insurance had this to say:

"Yield insurance means that, if you put your money in new rental housing in an area where the Housing and Home Finance Administrator says there's a shortage, the government will:

1. Guarantee that you get back at least 90 per cent of your investment (subject, of course, to a federal audit);

2. Take the project off your hands if it turns so sour that your operating losses exceed 5 per cent of the investment;

3. Pay a subsidy for any year when the apartments fail to bring in the sum of these three items: Approved operating expenses, plus 2 per cent of the original investment, plus 2¾ per cent of the unamortized investment. This subsidy could not exceed the combined 2 per cent charge, which is used to write off the investment, and 2¾ per cent, which is profit.

"Of course, there are a few strings attached to this insurance plan as is the case with most government subsidies:

"As long as the government underwrites your risk, the administrator will control your rents.

"If the rents are too profitable, they may result in 'excess earnings.' The investor must apply all or part of such bonanzas to writing off the investment. This means that his profit in dollars-and-cents will be held to an even lower level in the following year.

"If the rents are set too high (so tenants aren't attracted) or too low (so earnings are small) and the project loses money, the investor can lose, too, despite the annual subsidy.

"Finally, if the project costs the government too much in annual subsidies, the administrator can take title by giving the investor government-backed debentures equal to 90 per cent of his equity.

"Despite all this, yield insurance scheme is not without advocates. One of these is Housing Administrator Raymond Foley, who thinks it is 'soundly conceived' and will 'in all probability produce an important additional volume of urgently-needed rental housing at moderate rents . . .'"

Something New Has Been Added to Problems Faced by Appraiser—It's Rent Control

SOMETHING new has been added to the problems an appraiser faces in evaluating real estate today. The government "fix" or fixture of rent control is old considering the life span originally allotted to it but quite new in the problems it presents to the appraiser of real estate. The problems are especially new because the effect of the release of other price and wage controls which set, more or less, an operating ceiling on expense, is being felt more and more from day to day undermining the income expectancy.

In our primary lessons in the art of appraising real estate, we were very impressively told that there were factors in the appraisal of real estate which may affect its value far more than such commonly considered elements as location, population, growth of city, etc.

Some of the factors pointed out were the demoralizing influence of depressions and the opposite effect of booms. The underlying causes of these influences are generally found far afield from the property in question, wrapped up in a political or economic package. An appraiser to be a good appraiser should also be a good student of politics and economics, also a prognosticator of government actions, local, national and international. A big order, which can be filled only to a degree.

How much more emphatic our instructors would have been on these points if they had seen them in the light of the historic days since gone by. The boom of the late 20's, the bust of the 30's, the war of the 40's all contrive to prove the point. The events of tomorrow, political or otherwise, possibly far afield from the appraiser's problem of today may affect the value to a greater extent than anything that may be seen or analyzed on the spot.

For instance "rent control." There was a day when rent control was unknown, a political or economic control of the future. There will be a day when it will be a government control of the past, we hope. The appraiser who has the answer "when" is the one, all other factors being equal, who will

This is another in the series of bulletins of the Chicago Mortgage Bankers Association on the theme of "better loans through better appraisals."

come closest to the correct valuation of a controlled property.

In the meantime, what about the rest of us who do not know the answer "when"? We look at properties from day to day which are older but possibly more desirable from a living standpoint with rentals controlled at 50 per cent or more, less than the newer uncontrolled property. Operating costs on each are quite comparable. We realize that one is new, the other a little old. We also feel that in a fight for tenants later on the older building will hold its own due to its greater livable area and due to the fact that no real outstanding improvements have been made in new construction. The question is, how do you arrive at the fair value of such a building today encumbered by rent control?

Something new has been added. A new problem for the appraiser. It started with institution of rent control and became more acute when price and wage controls were released, leaving the owner with a ceiling on his rents and with the "sky the limit" on his cost.

What is the value of a building with the cost of reproduction and operating expenses increasing and the net earnings declining because of frozen income? What is the approach to a sound valuation when the net income is affected by written controls rather than supply and demand? Controls which may be with us a long time or a short time. Controls which may be eased or held rigid. Yes, something new has been added. In the meantime, sound appraisals must be made. What is the approach? Crystal balls are ruled out.

MBA's only woman member, Mrs. Minnie Miller of Salt Lake City, will again be on hand as she has for many past conventions.

SAYS LIFE FIRMS CAN BUY MORE INCOME PROPERTY

Glenn McHugh, vice president of Equitable Life Assurance Society, believes that the life companies have not purchased much more than 10 per cent of the investment and income-producing real estate that they are authorized to do and, further, that it is ridiculous to think that these institutions will end up with all the choicest 100 per cent parcels.

"Most corporations are undergoing tremendous expansion programs, usually without the dollars to carry them through as rapidly as they need. To get an insurance company to buy land, and build the building it needs on it—even at today's outrageous costs—is desirable in terms of rent to pay. Paying out 7 per cent or even 8 per cent as rent on \$1 million is a lot easier to sell a board of directors than a program of borrowing \$1 million—or selling stock to raise \$1 million.

"There is still another reason that some of the critics may have missed," McHugh said in a recent address. "It has been intimated, for example, that we have been slightly stupid because some of us have bought old, out-of-date stores at fancy prices. A good unloading job, they say. They may have overlooked at least two factors; first, that the location is still the best in the city—land alone probably represents 40 or 50 per cent of the purchase price; second, the seller, as tenant, may have agreed as part of the deal to use all or a great part of the proceeds to rebuild the store. When he does, he can write it off as a leasehold improvement during the first lease term.

"You see, actually we are not buying much real estate in the private investor or speculative sense. We are buying lease credit. Most of purchases involve net rentals—the tenant carries the insurance, pays the taxes, agrees to manage and maintain the property. . . ."

"There has been some warning that if this purchase trend continues," he said, "these tax-exempt and tax-favored groups will own the cream of the 100 per cent real estate in this country. This will be bad, so it is said, for the real estate agents. It follows, of course, that it might also be bad for real estate managers."

